Message Text

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INFO OCT-01 EUR-12 IO-13 ISO-00 CAB-02 CIAE-00 COME-00 DODE-00 DOTE-00 INR-07 NSAE-00 EPG-02 FAA-00 L-03 NSC-05 SS-15 NSCE-00 INRE-00 SSO-00 /067 W

O R 251848Z MAY 77 FM AMEMBASSY LONDON TO SECSTATE WASHDC IMMEDIATE 4361 INFO USMISSION GENEVA

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PASS DOT (DAVENPORT, KAMM), CAB (WEST, RODRIGUES), WHITE HOUSE (JOHNSTON) GENEVA FOR ASSISTANT SECRETARY KATZ

E.O. 11652: GDS TAGS: EAIR, UK

SUBJECT: US - UK CIVAIR NEGOTIATIONS: REPORT ON MAY 25

- 1. IN TODAY'S CAPACITY GROUP MEETING, U.K. SUBMITTED REVISED DRAFT OF U.K. CAPACITY ADDENDUM. U.K. CAPACITY PAPER GENERALLY FOLLOWED FORMAT OF EARLIER U.S. PAPER. HOWEVER, U.K. HELD TO 65 PERCENT SEAT FACTOR STANDARD, EXCLUSION OF THROUGH TRAFFIC, AND PENALTIES BASED ON MARKET PERFORMANCE PER LONDON TEL 8566 STATEMENT OF U.K. POSITION.
- 2. DISCUSSION CENTERED ON SEAT FACTOR STANDARD AND EXCLUSION OF THROUGH TRAFFIC IN CALCULATION OF SEAT FACTORS. U.S. HELD THAT THIS DISCRIMINATES AGAINST U.S. CARRIERS. WHEN COMBINED WITH HIGH SEAT FACTOR STANDARD, U.S. CARRIERS WOULD BE UNABLE TO ACCOMMODATE BOTH THROUGH TRAFFIC AND LOCAL U.S.-U.K. TRAFFIC.
- 3. SHOVELTON RAISED PROBLEM OF DOUBLE DESIGNATION FOR CONFIDENTIAL

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U.S. AT NEW YORK AND LOS ANGELES, STATING THAT IF U.S. WERE TO DROP TO ONE POINT FOR DOUBLE DESIGNATION (NEW YORK) THEN U.K. COULD BE MORE GENEROUS IN OTHER RESPECTS. HE ALSO ASKED FOR U.S. REACTION TO TEMPORARY 3 YEAR EXCLUSIVE RIGHTS FOR A U.K. CARRIER AT HOUSTON AND A U.S. CARRIER AT ATLANTA, STATING THIS WOULD BE ACCEPTABLE TO U.K.

- 4. BOYD STATED THAT U.S. HAD ALREADY MOVED FAR TO DROP TO TWO POINTS FOR DOUBLE DESIGNATION, AND HE WAS NOT ABLE TO GO FURTHER. ON EXCLUSIVE RIGHTS FOR A CARRIER TO SERVE NEW ROUTES, HE STATED THAT IT SHOULD BE POSSIBLE FOR U.S. TO THINK ABOUT IT.
- 5. SHOVELTON INDICATED HE WOULD ACCEPT SEAT FACTOR BASED ON TOTAL ON-BOARD TRAFFIC IF U.S. (1) DROPPED PARA 3A OF LONDON 8150, (2) PHASED OUT ALL 5TH FREEDOM EXCEPT BERLIN AND RTW, AND (3) AGREE TO INDUSTRY WIDE AS OPPOSED TO INDIVIDUAL CARRIER ROUTE SEGMENT LOAD FACTOR FOR CAPACITY CONTROL PURPOSES.
- 6. SHOVELTON SUBMITTED U.K./RENEG. 50 ON HONG KONG ROUTES FOR COMBINATION SERVICES. U.S. SUBMITTED U.S. DOCUMENT 44 ON DESIGNATION.
- 7. BOTH PARTIES AGREED TO MEET IN WORKING GROUP ON MAY 26 TO DISCUSS CAPACITY AND HONG KONG ROUTES.

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